

Department of Social and Health Services

**DP Code/Title: M2-6D BBA Regulations**

**Program Level - 080 Medical Assistance**

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Budget Period: 2001-03    Version: H3 080 2001-03 2003 Sup Agency Req

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**Recommendation Summary Text:**

The Medical Assistance Administration (MAA) requests four FTEs to implement Medicaid Managed Care regulations stemming from the Balanced Budget Act of 1997 (BBA). The new federal regulations became effective in August 2002 and place new record-keeping and reporting requirements on state-administered Medicaid programs that do business with managed care organizations (MCO).

**Fiscal Detail:**

**Operating Expenditures**

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
001-1 General Fund - Basic Account-State	0	130,000	130,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	0	130,000	130,000
<b>Total Cost</b>	<b>0</b>	<b>260,000</b>	<b>260,000</b>

**Staffing**

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
<b>Agency FTEs</b>	<b>0.0</b>	<b>4.0</b>	<b>2.0</b>

**Package Description:**

The Centers for Medicare and Medicaid Services (CMS) has adopted rules implementing the BBA regulation. The rules are related to:

- Payment under risk contracts, requirements for actuarially-sound capitation rates.
- Information requirements, information to potential enrollees.
- Information requirements, general information for all enrollees of MCOs, Prepaid Inpatient Health (PIHPs), Prepaid Ambulatory Health Plans (PAHPs) and Primary Care Case Management (PCCM) plans.
- Requirements for states with mandatory enrollment under state plan authority to provide information to potential enrollees at least once a year.
- Choice of MCOs, PIHPs, PAHPS, and PCCMs, exceptions for rural residents.
- Limits on payments to other providers.
- Scope, state responsibilities, and elements of state quality strategies.
- Availability of services, delivery networks.
- Nature of assurances. State review and submission to CMS and CMS' right to inspect documentation.
- Practice guidelines.
- Amounts of civil money penalties.

The administration and operations of managed care are located throughout MAA. A total of four FTEs would be needed to implement the changes required by these new rules. The FTEs would be distributed to the Managed Care Contracts Management (MCCM), Publications, Quality Initiative (QI) review, and the Integrated Provider Network Database (IPND) sections.

The impact in QI and MCCM would be due to the potential increase in monitoring activities. The impact in IPND and Publications stems from the expected increase in general and detailed provider information to enrollees and potential enrollees.

Examples of activities include publication of complete provider directories, including specialists for all clients, which are required to be current and published at least quarterly. Monitoring activities would increase with work-plans, which are required to be developed for each managed care plan annually. The IPND currently does not include all providers, so the

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increased reporting would require additional staff to process and maintain the data. The IPND is also available for customers' use in selecting health plans and providers, and agency staff for use in program analysis and management.

**Narrative Justification and Impact Statement**

***How contributes to strategic plan:***

This proposal will enhance and improve access to quality health care services.

***Performance Measure Detail***

**Program: 080**

**Goal: 10H    Assure access to high quality health care**

No measures submitted for package

**Incremental Changes**

**FY 1**

**FY 2**

***Reason for change:***

This request would provide MAA with the staff resources needed to implement the BBA 1997 rules that became effective August 2002.

***Impact on clients and services:***

The imposition of new administrative requirement costs impacts MAA's increasing ability to remain within budgeted levels.

***Impact on other state programs:***

The new federal requirements apply to all MAA clients, including those served by the Health and Rehabilitation Services Administration, Economics Services Administration, Aging and Adult Services Administration, and Children's Administration.

***Relationship to capital budget:***

None

***Required changes to existing RCW, WAC, contract, or plan:***

Revisions will be made to existing RCW, WAC, contracts, and/or state plans to reflect changes required for the implementation of these regulations.

***Alternatives explored by agency:***

These are federal regulations. The state has no alternative but to implement the rules.

***Budget impacts in future biennia:***

Cost will carry forward into the 2003-05 level at eight FTEs per year.

***Distinction between one-time and ongoing costs:***

The equipment portion of this request (\$33,000) is one-time.

***Effects of non-funding:***

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These rules must be implemented, so non-funding would require reductions in other MAA activities in order to implement the BBA regulations.

***Expenditure Calculations and Assumptions:***

None

<b><u>Object Detail</u></b>	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Overall Funding</b>			
A    Salaries And Wages	0	149,000	149,000
B    Employee Benefits	0	37,000	37,000
C    Personal Service Contracts	0	37,000	37,000
E    Goods And Services	0	33,000	33,000
T    Intra-Agency Reimbursements	0	4,000	4,000
<b>Total Objects</b>	<b>0</b>	<b>260,000</b>	<b>260,000</b>

**DSHS Source Code Detail**

<b>Overall Funding</b>	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Fund 001-1, General Fund - Basic Account-State</b>			
<b><u>Sources</u>    <u>Title</u></b>			
0011    General Fund State	0	130,000	130,000
<b>Total for Fund 001-1</b>	<b>0</b>	<b>130,000</b>	<b>130,000</b>
<b>Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa</b>			
<b><u>Sources</u>    <u>Title</u></b>			
19UL    Title XIX Admin (50%)	0	130,000	130,000
<b>Total for Fund 001-C</b>	<b>0</b>	<b>130,000</b>	<b>130,000</b>
<b>Total Overall Funding</b>	<b>0</b>	<b>260,000</b>	<b>260,000</b>